

This is certainly an important hearing on significant legislation, H.R. 1427. The issue of appropriate regulation of Fannie Mae, Freddie Mac and the Federal Home Loan Banks is critical to the stability of our economy and Mr. Chairman I commend you for your leadership on this issue.

To most of my constituents, today's topic may seem distant from their own concerns about job security, health care and affordable housing; however, the Federal Home Loan Bank of Pittsburgh is making an impact in my district in all of these areas in a number of ways.

For example:

- Minnie Hamilton Health Care Center in rural Calhoun County is open and treating patients thanks to low interest financing from Calhoun County Bank through FHLBank Pittsburgh.
- Dental practices in areas like Clay and Cabin Creek, West Virginia are open thanks to the FHLBank's small business program.
- Fiber optic cable is being installed throughout West Virginia thanks to direct investment by FHLBank Pittsburgh in Economic Development Bonds issued by the West Virginia Housing development Fund.
- These contributions are of course in addition to the 225 units of affordable housing available in my district today thanks to \$1.6 million from the Bank's Affordable Housing Program.

I want to ensure that any new statutory framework enables the Bank to continue to serve community needs in my district. Affordable housing is important, but if there are no jobs in a region, no one can afford a home. If there is not adequate water treatment, no new houses can be developed. So you see the role of the Federal Home Loan Banks is to support affordable housing, and the fabric of the community that must exist as a predicate for that housing.

I am pleased that HR 1427 recognizes the unique structure and role of Federal Home Loan Banks by creating separate divisions for the Banks and Fannie Mae and Freddie Mac.

However, I am somewhat concerned that these differences be recognized by the proposed regulator's third division charged with regulating mission. A uniform approach to national organizations like Fannie Mae and Freddie Mac are incompatible with the regionally based FHLBanks. Even more importantly, I am concerned that, absent congressional direction, the deputy mission regulator might create burdensome regulations on the Federal Home Loan Banks' primary product, loans to member banks. Let us keep in mind that the ultimate mission test is applied to the profits generated by these loans in the form of a ten percent tithing that is applied to affordable housing grants.

Secondly, I believe the Federal Home Loan Banks represent an untapped resource for community and economic development. Their ability to issue letters of credit, provide direct investment in qualifying projects and provide financing for economic development makes them an important resource as federal, state and local dollars become more constricted. I am pleased that H.R. 1427 includes the provision subcommittee Chairman Kanjorski authored last year to allow Federal Home Loan Banks to provide credit to community banks to support economic development. I can assure you this will have a direct positive impact in my district and throughout the state.

I know that the matter of economic development activities of Federal Home Loan Banks is on the committee's oversight agenda for the 110th Congress and I look forward to working more on this area.